

This record is a partial extract of the original cable. The full text of the original cable is not available.

ACTION AF-00

INFO	LOG-00	NP-00	AID-00	AMAD-00	CA-00	CIAE-00	COME-00
	CTME-00	INL-00	DODE-00	ITCE-00	EB-00	EXME-00	E-00
	UTED-00	VC-00	FRB-00	TEDE-00	INR-00	L-00	VCE-00
	AC-00	NSAE-00	OES-00	OMB-00	NIMA-00	OPIC-01	EPAU-00
	GIWI-00	ACE-00	SGAC-00	SP-00	SSO-00	STR-00	TRSE-00
	EVR-00	FMP-00	BBG-00	R-00	EPAE-00	IIP-00	DRL-00
	G-00	SAS-00	/001W				

-----48535C 071814Z /38

FM AMEMBASSY GABORONE
TO SECSTATE WASHDC 2547
INFO SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
HQ USEUCOM VAIHINGEN GE
WHITE HOUSE NSC WASHINGTON DC

UNCLAS GABORONE 001454

SIPDIS

AF/S FOR MUNCY

E.O. 12958: N/A
TAGS: [ETRD](#) [ECON](#) [BC](#) [AGOA](#)
SUBJECT: BOTSWANA ANNUAL AGOA ELIGIBILITY UPDATE

REFERENCE: STATE 170577

[1](#). Post recommends renewal of Botswana's AGOA eligibility status based on its continued compliance with the stipulated criteria. As described below, during the year, Botswana took steps to strengthen its private sector, improve its capacity to combat the financing of terrorism, and prevent child labor.

[2](#). Country Background Summary: Botswana is Africa's longest continuous multi-party democracy. It has a population of 1.7 million, and real 2003/4 GDP was \$4.03 billion (Note: The real GDP figure is calculated using the Ministry of Finance's figure of 19.3 billion pula for fiscal year 2003/4 and converted using the average annual exchange rate for the period of 4.7849). Approximately half the population is employed in the informal sector, largely subsistence farming and animal husbandry. Botswana has effectively channeled revenue from mineral wealth into human development, giving it one of the highest economic growth rates in Africa. Its economy is highly dependent on diamonds.

[3](#). Comments on Eligibility Requirements

[I](#). Market based Economy

Major Strengths Identified

No known investment disputes; nationalization of private property prohibited by law.
Open, rules-based trading system complies with WTO obligations.
Regulatory system is transparent.
Limited price controls and price subsidies.
Remaining parastatals required to operate on a commercial basis; government is committed to privatizing most parastatals.
Market-oriented economy with strong encouragement for private enterprise; has achieved and sustained rapid per capita apita economic growth since independence.

In March 2005, the Cabinet approved a Privatization Master Plan.

In August 2005, the Cabinet approved a Competition Policy. A Foreign Direct Investment Strategy is currently being developed by the Botswana Export Development and Investment Authority.

Moody's and Standard & Poor's again ranked Botswana an A-rated economy based on its continued macroeconomic and political stability.

The 2005 Economic Freedom of the World Report listed Botswana as the freest economy in Africa and ranked it even with Japan and Spain.

Government is targeting international marketing of exports, tourism, and investment opportunities in order to lessen dependence on mineral revenues, generate more jobs, and alleviate poverty.

The Government of Botswana is committed to creating a regulatory framework favorable to investors. Foreign investors are given equal access to general incentive schemes in all economic sectors, save in those reserved for Botswana citizens.

New intellectual property rights legislation largely conforms to the TRIPS agreement.

Core inflation is low and stable. In August of 2005, annual inflation stood at 9.6%, well above the Bank of Botswana's 4-7% target range for the year, fueled by a 12.5% currency devaluation in May 2005 and rising fuel, utility, transportation and communications prices.

1B. Major Issues/Problems Identified

Heavily dependent on diamond sector (79.9% of exports in 2004), vulnerable to market sentiment; needs to diversify economy.
Rising unemployment.
Recently, recurring budget deficits have undermined development spending on new infrastructure projects and resulted in a freeze of government hiring, which makes up roughly 40 percent of formal sector employment.
Lacks privatization legislation, which slows implementation of privatization master plan.

II. Political Reforms/Rule of Law/Anti-Corruption

tion

1A. Major Strengths Identified

A well established record of observing the rule of law and right to due process, and equal protection under the law.
Transparency International again ranked Botswana the least corrupt country in Africa in its 2004 Corruption Perceptions Index (Botswana tied for 31st place with Estonia and Slovenia).
Political pluralism well established.

Independent press has a long tradition of candid, unimpeded discourse.
Active and effective campaign to eliminate corruption and improve efficiency of judicial system.
GOB making efforts to reduce overcrowding its prison system.
No reports of political prisoners.
Government has declared war on corruption and economic crime.
Government bureaucracy is paid on time and is provided a living wage.
Botswana hosts the International Law Enforcement Academy, jointly managed by USG and Botswana officials, which provides training to law enforcement personnel from sub-Saharan Africa. The curriculum focuses on long term institutional reforms of the law enforcement sector, anti-corruption training, and combating international criminal activities.

1B. Major Issues/Problems Identified

The judicial system does not always provide timely, fair trials due to a serious backlog of cases.
Prison conditions remained poor, due primarily to overcrowding.
Some citizens still do not enjoy full access to social services and remain politically and economically marginalized.
Some media professionals complain that the Government has manipulated coverage of the state-owned television station and unreasonably restricts access to information. .

III. Poverty Reduction

1A. Major Strengths Identified

Legal structures for promoting small/medium enterprises, export oriented industries, and the non-mining sector.
tor.
Poverty reduction inextricably linked to development of private sector through foreign and domestic investment.
Investment incentives for job-creating industries established in traditionally underdeveloped rural areas.
Universal access to health care and primary education, with schools and clinics throughout the country.
GOB attempting to expand rural access to secondary education.
Health care spending growing as GOB implements national HIV/AIDS control strategy.

1B. Major Issues/Problems Identified

Despite the dedication of substantial resources to combating HIV/AIDS, the Government continues to face challenges in providing medical care for the growing number of HIV positive Batswana. HIV/AIDS exacerbates problems of low productivity and poverty.
Limited data on poverty.
According to the most recent data available (2005), the Government estimates that 30% of the population lives below the poverty line.
y line.
The implementation of the National Strategy for Poverty Reduction pilot program in collaboration with UNDP has been slow to take off.

IV. Worker's Rights/Child Labor/Human Rights

1A. Major Strengths Identified

Government generally respects human rights of its citizens; no confirmed reports of political or other extrajudicial killing nor politically motivated disappearances.
Has ratified all ILO core conventions, including No. 182

(worst forms of child labor) and No. 38 (minimum wage).

Constitution provides for the right of association and all workers may join or organize unions of their choice. Detention without bail is highly unusual.

Industrial relations system based on a tripartite consultative process.

Working with the U.S. Department of Labor and the International Labor Organization on two programs designed to prevent child labor.

IB. Major Issues/Problems Identified

Government restricts the right to strike; burdensome arbitration process required by law means few strikes have actually been legal.

Domestic violence against women remains a serious problem, but one that is difficult to quantify.

In January 2002, the Government terminated public services to the ethnic San (also known as Basarwa) and other minorities living in the Central Kalahari Game Reserve and relocated them to

settlements outside the Reserve. An NGO representing some of the relocated persons has challenged the constitutionality of this policy in court. Hearings in the case continued throughout 2005. Reports emerged of government officials harassing and torturing some residents of the relocation settlements who were suspected of poaching.

During the year, the Government deported an academic and three journalists. The Government exercised its right not to specify reasons for the deportations other than to cite national security concerns. One of the individuals, longtime University of Botswana Professor Ken Good, was an outspoken critic of the Government.

IV. International Terrorism/U.S. National Security

IA. Major Strengths Identified

Fully supports U.S. war on terrorism; pledged compliance with UNSCR 1373; party to all international counter-terrorism conventions.

Working with U.S. Treasury's Office of Technical Assistance to upgrade its anti-money laundering and counter terrorism finance capabilities.

Does not engage in activities that undermine U.S. national security or foreign policy interests; has supported international efforts to combat terrorism.

Shares interest in combating transnational threats from Africa, taking steps to stop HIV/AIDS spread, environmental degradation, and trafficking of small arms and illegal drugs.

The International Law Enforcement Academy, located in Botswana and jointly managed by U.S. and Botswana officials, als, conducts courses on counter-terrorism and related subjects, such as arms smuggling, for law enforcement personnel from sub-Saharan Africa.

IB. Major Issues/Problems Identified

Botswana's rudimentary travel documents are easily forged.

Summary and Recommendation

Botswana has manifested its commitment to the principles underlying the AGOA eligibility criteria by maintaining and expanding its compliance with them in the past year. The GOB continues its efforts to diversify and liberalize Botswana's economy and to distribute the benefits of the resulting economic growth to the least advantaged sectors of society. Botswana's track record on human rights and rule of law arguably exceeds any in Africa. Botswana's achievements in these areas should be recognized through the renewal of its eligibility to participate in AGOA.

CANAVAN

NNNN